

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in the Americas have declined further with Brent values, and bad weather could trigger bunker suspensions in GOLLA and Zona Comun.

Changes on the day to 08.00 CDT (13.00 GMT) today:

- **VLSFO prices down in Houston (\$17/mt), New York and Balboa (\$12/mt)**
- **LSMGO prices down in Houston (\$24/mt), Balboa (\$18/mt) and New York (\$17/mt)**
- **HSFO prices down in New York (\$10/mt), Houston (\$9/mt) and Balboa (\$8/mt)**

Houston's LSMGO price has made the steepest dip of \$24/mt in the past day. A lower-priced 50-150 mt LSMGO stem has dragged the port's benchmark lower. The port's VLSFO price has also dropped under pressure from two lower-priced stems.

The good availability of VLSFO and LSMGO in Houston has further contributed to the downward trend. Lead times of 1-3 days are recommended for LSMGO and VLSFO in the port. HSFO requires lead times of 5-6 days.

Bunker operations are likely to be suspended in Argentina's Zona Comun later today amid strong winds of up to 44 knots. Harsh weather conditions could keep bunker operations suspended until Thursday, a source says.

Currently, bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLLA). Wind gusts of up to 40 knots are forecast for later today and could trigger bunker suspension until Friday.

Supply of all bunker fuel grades has been getting tighter for prompt dates in Panama's Balboa. Few suppliers are able to offer stems within 2-3 days, but most suppliers require a longer lead time.

Brent

Front-month ICE Brent has slipped by \$1.47/bbl lower on the day, to \$84.31/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

The International Energy Agency (IEA) has forecast a "record" global oil demand of 101.9 million b/d this year, mainly due to China's rising demand for oil. The IEA has also warned that surprise production cuts by OPEC+ will lead to a supply deficit of nearly 400,000 b/d by the end of this year.

China's gross domestic product (GDP) in the first quarter of 2023 rose by 4.5% on the year, Reuters reports citing data from the National Bureau of Statistics. This has surpassed the 4.0% growth estimate given by analysts polled by Reuters. The Chinese government has set a 5% economic growth target for 2023.

Goldman Sachs has noted that the GDP data indicates that China's economy is on track to recover after the country relaxed most restrictions related to Covid. "Today's [China GDP] data are in line with our full-year bullish view for China growth," Goldman Sachs' chief China economist Hui Shan tells CNBC. Goldman Sachs has forecast China's GDP growth at 6% this year.

Downward pressure:

On the flip side, China's economy grew by only 2.2% on a quarterly basis, compared with 2.9% in the fourth quarter of last year, according to Reuters.

OANDA's senior market analyst Craig Erlam has argued that China's GDP growth was largely driven by retail sales. The industrial production figures, on the other hand, were "less inspiring" and underscore economic difficulties this year, he says.

Reuters has reported that negotiations between the Iraqi and Kurdish governments are progressing. A ceasefire between Iraqi and Kurdish authorities will allow oil exports to resume from the Kurdistan region in northern Iraq through the Ceyhan export terminal in Turkey.

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